

Public/Private Partnerships and G.O. Bond Funds

*Bond Election Advisory Task Force
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www.AustinTexas.gov/BondDevelopment

Definition of PPP

- A Public-Private Partnership (PPP) is a contractual agreement between a public agency (federal, state or local) and a private sector entity.
- Through this agreement, the skills and assets of each sector (public and private) are shared in delivering a service or facility for the benefit of the general public.
- In addition to the sharing of resources, each party shares in the risks and rewards potential in the delivery of the service and/or facility

What makes a good PPP?

- Shared investment
- Shared risk
- Shared reward
- Municipal Public benefit (required)
- Organization with sufficient fund raising and operating capacity
- Well developed scope, plan (including clear deliverables), and fundraising scenario
- Sufficient controls to ensure money is spent lawfully

2006 Bond Program Example Projects

- ZACH Theatre: \$10m towards a new theatre building
- Austin Studios: \$5m for soundproofing, electrical, and life safety upgrades
- North Austin Recreation Center/YMCA: \$9m towards a new recreation center
- Mexic-Arte Museum: \$5m towards a new museum building
- NHCD housing projects

Requirements that Follow City Funds

- A municipal public purpose
- LEED building requirements
- MBE/WBE participation requirements
- City and State purchasing requirements
- Prevailing wage requirements
- Art in Public Places requirements
- COA will manage the project UNLESS the partner has the organizational history and experience to manage a capital project
- Tax implications re. “private activity”

Texas SB 1048

- Creates a process for creating public/private partnerships
- Provides a process for both solicited and unsolicited proposals
- City is currently evaluating 1048 in context of existing processes

“Hidden” Costs of PPPs

- Ongoing contract compliance
- Legal department and staff time to negotiate contracts (typically lengthy)
- Monitoring and oversight of expenditure of bond funds
- Potential for partners to assume their share of the investment and risk

Questions/Comments?

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